



# Issue briefing: Dark Stores

## PROBLEM

Large retailers, popularly known as “Big Box” stores, have convinced the Michigan Tax Tribunal to give them special treatment as it pertains to the fair market value of their property.

## SOLUTION

Legislation filed in September would block future use of the Dark Store theory by:

- ♦ Preventing the use of anti-competitive deed restrictions that distort the market and contribute to blight in our communities.
- ♦ Requiring the use of all three assessment approaches (cost, sales and income) based on the particular circumstances.

## ISSUE SUMMARY

In the past, Michigan has determined a property's “true cash value,” or fair market value, via the “cost approach,” meaning the cost of construction less depreciation.

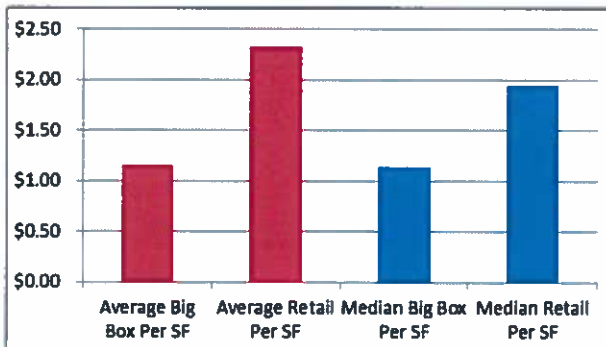
Large retailers’ success in convincing the Michigan Tax Tribunal to rely on the “sales approach” has become known as the “Dark Store” theory, in that it relies on comparisons to vacant, or dark, properties.

And since they usually refuse to sell their older structures to other retailers, and have even imposed deed restrictions on vacated property to block their use for retailing, these corporations have distorted the valuation process and shifted more of the burden to fund local public services to small businesses and homeowners.

### Amount refunded by locals due to Michigan Tax Tribunal decisions since 2013:

*(Michigan Association of County Treasurers survey, 2015)*

# \$78 MILLION



### CASE STUDY: OAKLAND COUNTY

A study of property taxes in Oakland County showed Big Boxes are paying much less than their smaller competitors. The average retail rate is twice the average Big Box rate;  
**the median retail rate is 72 percent above the median Big Box rate.**

*The Michigan Association of Counties is part of a coalition of stakeholders for a legislative fix to prevent this special treatment. Coalition members include MML, MTA, MASA, MASB, MEA, MCCA, MAA and MPTA.*

### EXAMPLES ACROSS MICHIGAN

#### Target

(Novi/Oakland Co.)

Before: \$70-80 PSF

After: \$40-60 PSF

#### Target

(Benton Twp./Berrien Co.)

Before: \$44-48 PSF

After: \$21-28 PSF

#### Target

(Midland/Midland Co.)

Before: \$64-66 PSF

After: \$24-30 PSF

#### Target

(Auburn Hills/Oakland Co.)

Before: \$70-86 PSF

After: \$50-64 PSF

#### IKEA

(Canton Twp./Wayne Co.)

Before: \$77-102 PSF

After: \$29-40 PSF

#### Lowe's

(Marquette Twp./Marquette Co.)

Before: \$74 PSF

After: \$25-29 PSF

#### Kohl's

(Kochville Twp./Saginaw Co.)

Before: \$66-80 PSF

After: \$34-42 PSF

#### Lowe's

(Frenchtown Twp./Monroe Co.)

Before: \$70 PSF

After: \$22-29 PSF